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**DeNUCCI CALLS FOR OVERHAUL
OF SENIOR PROPERTY TAX RELIEF PROGRAM**

State Auditor Joe DeNucci today issued a report calling for the consolidation of senior property tax relief programs into a single, state-funded program that provides uniform and increased benefits to senior citizens.

DeNucci's report, conducted by his Division of Local Mandates, cited a complex system of local options that has resulted in major inconsistencies in property tax relief from community to community. For example, a senior who does not qualify for relief in one town could move to a neighboring town and qualify for a 60 percent tax break – as much as \$1,750 off the average property tax bill.

Moreover, DeNucci reported, state reimbursements to cities and towns for senior exemptions – once fully funded by the Commonwealth – have declined to 76 percent of total exemption payments, providing only \$12.1 million in state aid for the \$16 million in local property tax exemptions currently granted. DeNucci also said the exemptions have not kept pace with inflation and rising property values. As a result, the number of eligible seniors receiving benefits has declined from 50,000 in 1995 to 36,000 in 2004.

“At a time when the Legislature is studying how to provide property tax relief to struggling seniors, I urge it to consider consolidating these benefits into an equitable system,” said DeNucci.

According to DeNucci's report, the average local tax exemption for eligible senior citizens is \$500, which now relieves about 17 percent of the average property tax bill. In 1982, the same tax break represented an average 48 percent of the tax bill. To keep pace with the original legislative intent to offset 50 percent of the average statewide tax bill, the average exemption would have to be increased to \$1,446.

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DeNucci also noted that outdated reimbursement formulas have led to unintended and uneven results. For example, while most communities receive less from the state than what they spend for exemptions, 73 others get more state aid than they actually spend for senior tax relief.

To address these inequities, DeNucci recommended these improvements.

- Replacing the existing menu of local options with a single, standardized, state-funded exemption program that is indexed to inflation. This could be done through the existing statewide Circuit Breaker Program that currently provides up to \$820 in property tax relief for eligible seniors through state tax credits.
- Increasing the amount of state-funded tax relief to the original 50 percent goal, which would cost the Commonwealth an additional \$16 million. This would include a hold-harmless provision to ensure that no senior would receive less relief than he or she presently receives.
- Giving communities the flexibility to charge a reasonable but limited interest rate in the existing property tax deferral program, which is currently underutilized by seniors because of the high fixed interest rate set by state law.

DeNucci said that under his recommendations, communities and local voters would not be forced to choose between senior property tax relief and local services. Also, DeNucci said these reforms would free up about \$4 million in local revenue and reduce administrative costs attributable to the current program.

“Eligibility for property tax relief shouldn’t be an accident of geography ,” said DeNucci. “Each senior’s benefit would be determined by the same factors regardless of where they live. I urge the Governor and the Legislature to consider my recommendations, which would bring more equity and increased relief to the property tax burden that our senior citizens face.”